Department of Commerce Acquisition Process Reengineering

Presented to Human Resources

March 30, 2004

Commerce Procurement Program September 1995

☞ ***Office of the Inspector General***

"The office has either eliminated or reduced its participation in Certain key acquisition Management functions and, as a result, abdicated its responsibility for review and oversight of Departmental acquisitions. Because of this, the Department has increased the likelihood that acquisitions will be conducted improperly and inefficiently."

☞ ***Senator McCain***

- ☞ The Department has not provided strong, central procurement leadership.
- ☞ Since 1995, the Inspector General has discovered a number of significant procurement abuses.
- ☞ The Department has not provided the needed leadership, guidance, and oversight to effectively address information technology issues.

☞ ***Office of Management and Organization***

- ☞ The study team found the need for a clearly articulated missions and vision.

Managing the Transition

☞ *"No problem can be solved from the same consciousness that created it."*
-- Albert Einstein

Guidance Principles for DOC Acquisition Community

Create a Culture with:

- Real partnerships between acquisition team and vendors
- Evolutionary contract approaches
- Thinking in broad program terms
- Balanced approach to metrics
- Reliable/Timely management data
- Maximize use of FAR Part I Guiding Principles:
  - **"To exercise personal initiative and sound business judgement in providing the best value product or service to meet the customer's needs"**

CONOPS
Background

☞Developed by Cross-functional Team

☞Based on Industry & Government Best Practices

☞Focus Sessions with Industry & Government

☞Analysis of As-is Practices

☞PTO & Census Pilots Evaluated

Project Scope:

To conduct business process reengineering leading to the adoption of a new acquisition process, information technology recommendations, and implementation.

Note: The acquisition process encompasses the initial point of need recognition by the consumer (e.g., program manager) through all intermediary steps and concludes with contract completion and close-out.

Current Process

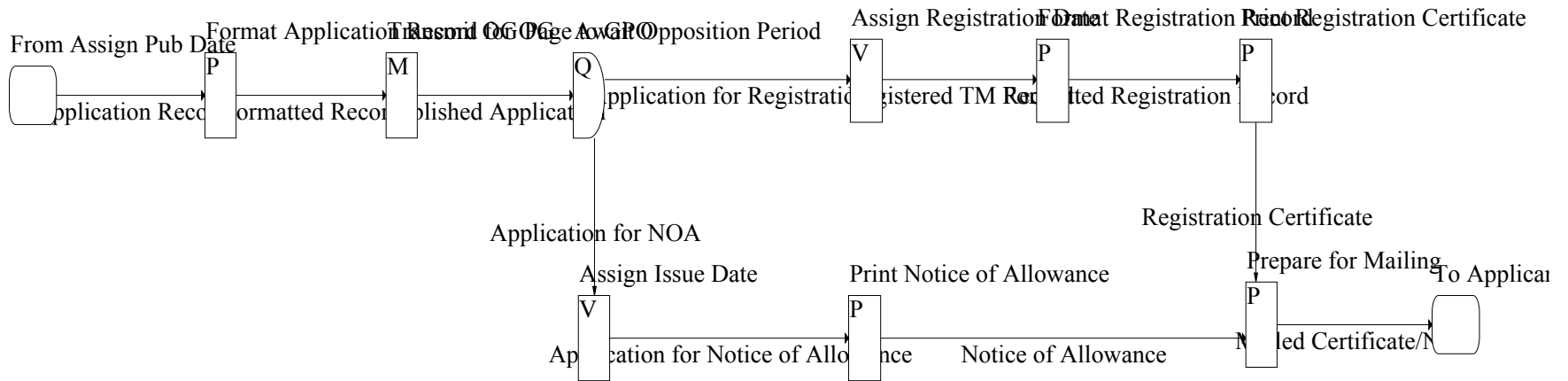# Target Process

From Assign Pub Date

Format Application

Transmit OG OG Page Award Opposition Period

Assign Registration Date

Format Registration Record

Print Registration Certificate

| P | | M | | Q | | V | | P | | P |

Application Record — Formatted Record — Published Application — Application for Registration — Registered TM Record — Formatted Registration Record

Application for NOA

Application for Registration

Assign Issue Date

Print Notice of Allowance

Registration Certificate

Prepare for Mailing

To Applicant

| V | | P | | P |

Application for Notice of Allowance — Notice of Allowance — Mailed Certificate/N

BPR Team Objectives

1. Create and lead implementation of a Department of Commerce (DOC) Reengineered Acquisition Process.

2. Streamline the acquisition process to support good business practices.

3. Develop performance measures that adequately assess and monitor operation of the reengineered acquisition process.

4. Reduce the cost of the acquisition process or achieve significant performance improvements with marginal cost increases.

5. Develop an approach for achieving the Acquisition Target Environment.

Reengineering Involvement

- BPR Team includes functional experts and customers

- Industry visits

- Customer focus groups: 7 sessions with broad cross section of DOC acquisition customers

- Stakeholder session included HCOs, SESers, customers

- CONOPS discussions: 17 sessions with program managers, contract officers, and specialists

Best Practices Matrix

	Electronic bulletin board	Oral proposals	Multiple award task orders	Award without discussion	Rapid Development Method	Supplier optimization	Strategic supplier partnerships	Pre-qualify vendors	On-line procurement system	Award fee for vendor excellence	Decentralized procurement func.	Integrated product teams	Benchmarking for cycle time reduction
Bonneville Power Administration						✔		✔					
Canadian GS					✔	✔	✔	✔	✔		✔		
Department of the Treasury	✔		✔			✔				✔		✔	
DOD	✔					✔	✔						
FAA		✔						✔	✔				
FEMA	✔		✔			✔			✔	✔			
GSA	✔			✔					✔				
Hanscom AFB									✔			✔	
INS						✔							
Jet Propulsion Lab					✔							✔	
Johnson Space Center	✔					✔			✔	✔			
NASA		✔	✔	✔		✔		✔					
NSA	✔												
OPM									✔				
PTO			✔			✔	✔						
US Army	✔	✔		✔					✔		✔	✔	
Warner Robbins AFB						✔	✔					✔	
Wright-Patterson AFB									✔				
Aetna						✔	✔						✔
AT&T						✔	✔		✔			✔	
Boeing						✔	✔					✔	
Chrysler						✔	✔						
Ford									✔				
Hess Oil									✔				
John Hancock						✔	✔						
Motorola	✔	✔				✔	✔	✔	✔	✔	✔	✔	
TI-DSEG						✔	✔						✔
Walmart						✔	✔						
Xerox													

CONOPS
Focus Sessions & Best Practices

- Best Practices of 29 Leading Agencies & Corporations
    - GS Canada, FAA, DOD, FAA, DOT
    - NASA, Jet Propulsion Lab, DOD
    - Chrysler, GM, Motorola, Ford, Walmart
- 7 Customer Focus Sessions
- Additional Stakeholder & Customer Sessions

CONOPS
Themes and Practices

☞ Mission Focus

☞ Empowered Teams

☞ Streamlined Process

☞ Improved Relationships with Industry

☞ Best Use of Technology

CONOPS
Pilots Evaluation Findings

Team	Contract $	CONOPS Cycle Time	Old Cycle Time
IRFS	30M	24 wks	47 wks
Data Warehouse	8.8M	21 wks	180 wks
CIO FM/EUS	48M	31 wks	47 wks
Laptops	50M	18wks	52 wks

CONOPS
Evaluation Findings

☞Cross Functional Teams Work

☞Training is Crucial

☞EC Enhances Efficiency and Reduces Cycle Times

☞CONOPS Equals Faster Procurements

CONOPS Benefits

☞ Accelerated Mission Delivery

☞ Elapsed Time to Award Reduced by 50% or more

☞ Range of Alternatives

☞ Increased Flexibility

☞ Increased Productivity

CONOPS
Lessons for Success

☞ **Leadership**

☞ **Select & Train Team Members**

☞ **Include Users & Stakeholders**

☞ **Align External & Internal Environment**

☞ **Team Structure:**
  - ☞ **Core Team, Advisors & Sub-teams**
  - ☞ **Full-time, Part-time**

☞ **Team vs Individual Behavior**

☞ **Conduct of Meetings**

☞ **Empowerment**

Managing the Transition
Keys to Success

☞ Leadership

☞ Quality people

☞ Performance measurement/management

☞ Streamlined process, focused on program

- ☞ Teams

- ☞ Supplier relationships

- ☞ Reasonable competition

- ☞ Maximum use of technology available

☞ Information management

The Four Balanced Scorecard Perspectives

- **Customer**
  - Customer Satisfaction
  - Effective Service partnership

- **Internal Business Processes**
  - Acquisition Excellence
    - Effective Quality Control System
    - Effective Use of Alternative Procurement
  - Fulfill public policy objectives

- **Financial**
  - Minimize administrative costs
  - Maximize contract cost avoidance

- **Learning and Growth**
  - Information available for decision making
  - Quality workforce
  - Employee Satisfaction
    - Quality Workforce
    - Executive Leadership

Balanced Scorecard 5-Year Trends (1998-2002)
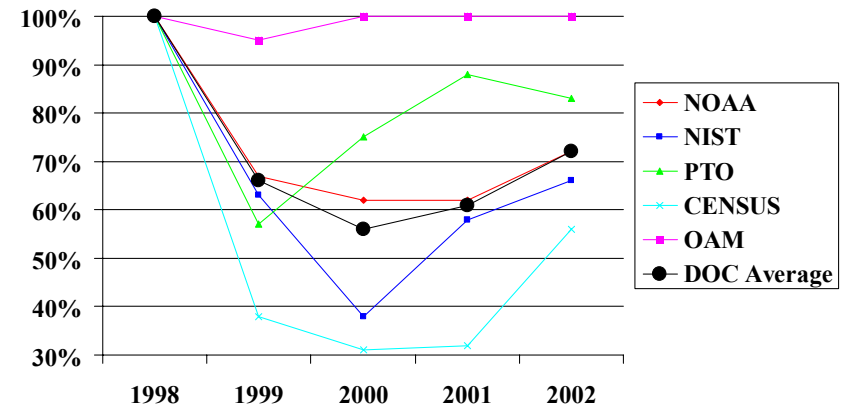
Customer Perspective
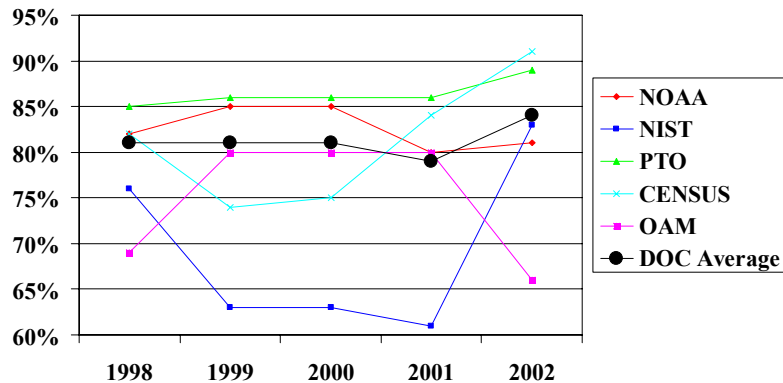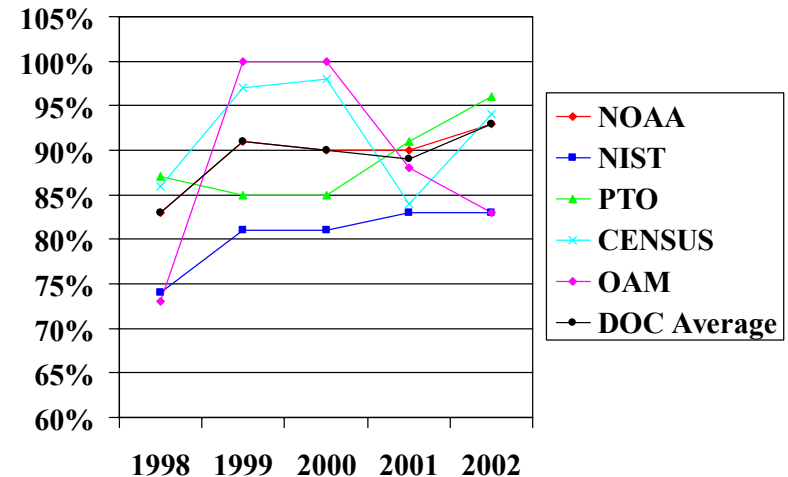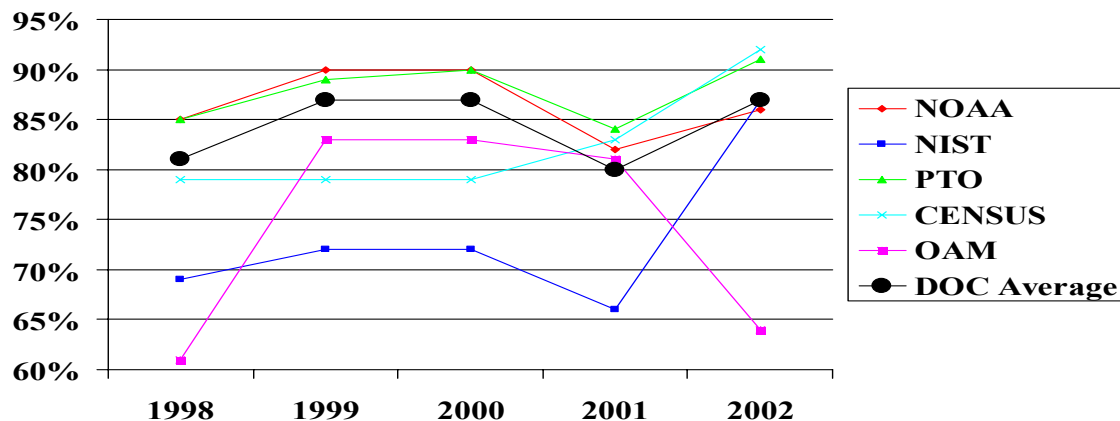
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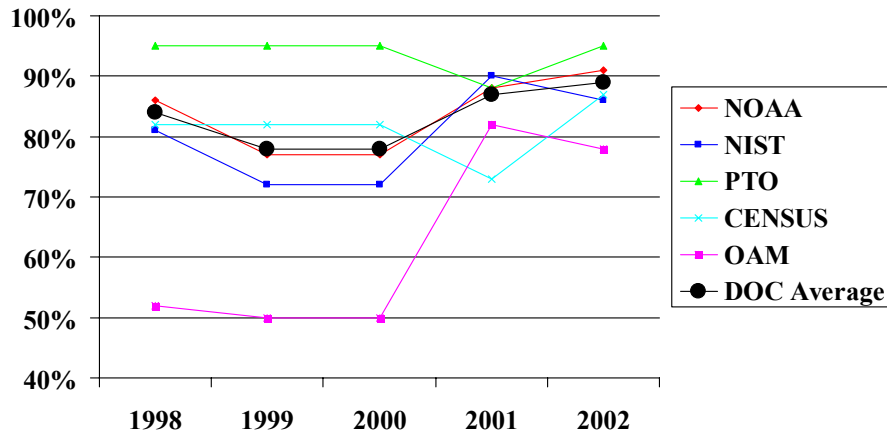
Learning and Growth Perspective

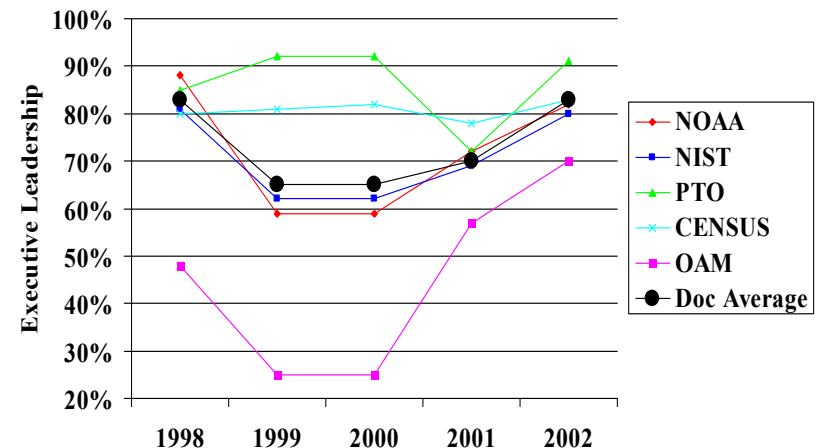(Extent of Reliable Management Information)
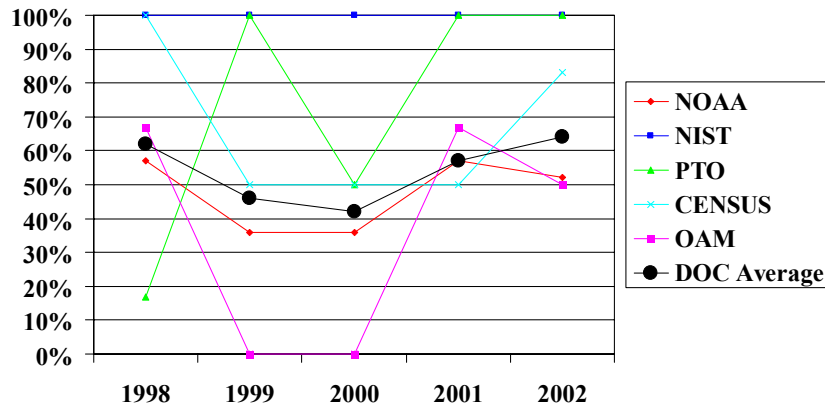
(% of Employees Meeting Mandatory Qualification Standards)

(% of Employees Satisfied with the Work Environment)

(% of Employees Satisfied with the Professionalism, Culture, Values, and Empowerment)

☞ *" The enemy is any man whose only concern about the world is that it stay unchanged during this lifetime."*

-- Vice Admiral Hyman G. Rickover